



Additional Audit Committee

Venue: Kirkstall/Fountains, Springhill 1, Wakefield, WF2 0XQ

Date: Tuesday 24 May 2018

Time: 0845 hours

Chairman:

Richard Keighley (RK) Chairman of Audit Committee and Non-Executive Director

Membership:

Richard Keighley (RK) Chairman of Audit Committee and Non-Executive Director
 Ronnie Coutts (RC) Non-Executive Director
 John Nutton (JN) Non-Executive Director
 Phil Storr (PS) Non-Executive Director

Apologies:

Ronnie Coutts (RC) Non-Executive Director
 Tim Gilpin (TG) Associate Non-Executive Director
 Claire Mellons (CM) External Audit

In Attendance:

Rod Barnes (RB) Chief Executive
 Mark Bradley (MB) Executive Director of Finance
 Steve Page (SP) Executive Director of Quality, Governance and Quality Performance/Deputy Chief Executive
 Anne Allen (AA) Trust Secretary
 Perry Duke (PD) Head of Financial Services
 Hassan Rohimun (HR) External Audit
 John Dell (JD) External Audit
 Sue Kendall (SK) Internal Audit

Minutes produced by: (JL) Joanne Lancaster, Committee Services Manager

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| | The meeting commenced at 0845 hours. | |
| 1.0 | Introduction and Apologies RK welcomed everyone to the meeting and apologies were noted as above. RK stated that, in order to maximise the time available for discussion, he would work on the presumption that all papers had been read. | |

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| 2.0 | <p>Declaration of Interests for any item on the agenda</p> <p>No declarations of interest were made relating to items on the agenda.</p> | |
| 3.0 | <p>Head of Internal Audit Opinion</p> <p>SK presented the Head of Internal Audit (IA) Opinion Statement for 2017/18 which provided an overall opinion on work completed in the period and which informed the Trust's Annual Governance Statement.</p> <p>SK referenced the overall Internal Audit Opinion:</p> <p><i>'From my review of your systems of internal control, I am providing good assurance that there is a sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently.'</i></p> <p>The basis of the Internal Audit Opinion was noted which included:</p> <ul style="list-style-type: none"> • The Trust's Assurance Framework; • An assessment of the range of individual opinions arising from audit assignments; • Brought forward Internal Audit assurances; • An assessment of the organisation's response to Internal Audit recommendations; • Consideration of significant factors outside the work of Internal Audit. <p>It was noted that fieldwork was being completed for four pieces of work:</p> <ul style="list-style-type: none"> • Resource Management (end of shift overtime) follow up; • Performance Management KPI's; • Inspections for Improvement; • Information Governance Toolkit. <p>SK advised that she did not anticipate that the outcome of these reports would affect the Internal Audit Opinion.</p> <p>RK, on behalf of the Committee, thanked SK for the work that she and her team had carried out during the year.</p> <p>Approval: The Audit Committee received and accepted the Head of Internal Audit Opinion Statement for the year ending 31 March 2018.</p> | |
| 3.1 | <p>For Approval: Annual Governance Statement 2017/18</p> <p>RB introduced the Annual Governance Statement (AGS) for the financial year 2017/18. The report had been considered by the Trust Executive Group, Trust Management Group and relevant Committees.</p> | |

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| <p>The report outlined the responsibilities of the Accountable Officer (RB), the Board of Directors and the Trust's Executive and Management teams.</p> <p>The most significant risks to the strategic objectives identified in 2017/18 were noted:</p> <ul style="list-style-type: none"> • Inability to deliver performance targets and clinical quality standards; • Lack of capacity and capability to deliver and manage change including delivery of cost improvement programmes; • Inability to deliver the plan for integrated patient care services owing to multiple service tenders; • Availability of clinical workforce impacting ability to deliver the operational business plan; • Impact on delivery of strategic objectives and performance delivery due to external system pressure and changes in the wider health economy; • Potential failure to deliver on financial plans and efficiency programmes and the impact on the wider economy. <p>Other risks recorded in the Board Assurance Framework 2017/18 were:</p> <ul style="list-style-type: none"> • Ineffective strategies for staff engagement; • Ineffective joint working between corporate teams and operational service lines. <p>Mitigation plans were in place for each of these principal risks and the Audit Committee had scrutinised the controls and assurances as part of its annual work programme through reports from accountable Executive Officers.</p> <p>There were a number of operational risks with a potential impact on the strategic goals which had continued during the year and had required additional management action. This included the introduction of the Ambulance Response Programme (ARP) national standards which essentially changed the A&E operating model to a Double Crewed Ambulance (DCA) model. The A&E contract settlement for 2018/19 had included funding to switch a number of YAS' fleet from Rapid Response Vehicles (RRVs) to DCAs and to enable the Trust to recruit additional staff.</p> <p>There continued to be challenges with clinical recruitment to the NHS 111 service. It was noted that the Integrated Urgent Care clinical advice national target had changed at the end of March 2018 from 40% to 50%.</p> <p>The Patient Transport Service (PTS) had successfully won a number of tenders over the year for large areas of YAS' geography including Vale of York and Scarborough, East Riding and the South of the</p> | |

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| <p>patch. There remained a significant risk for PTS going into next year with further bid activity expected in West Yorkshire. The Trust was engaging with Commissioners in this regard.</p> <p>It was noted that CB had been appointed to the substantive post of Director of Workforce and Organisational Development in November 2017. A significant amount of work had been undertaken by the Workforce and OD team to strengthen HR processes and procedures as had been overseen by the Audit Committee with regular reports on progress. The Trust had seen the introduction of a new Behavioural Framework and updated Vision and Values, these had been widely consulted upon with staff across the organisation. There was an updated Diversity and Inclusion Strategy & Plan and the introduction of a Strategic Workforce Group.</p> <p>The Internal Audit Programme for 2017/18 had focused on areas of risk for the organisation. There had been a number of issues highlighted during the year:</p> <ul style="list-style-type: none"> • Data quality/KPIs due to lack of documented procedures for the development of and reporting of KPIs in relation to specific workforce measures; • Inspections for improvement relating to the need to strengthen formal follow up on recommended action and the governance arrangements relating to those actions; • End of Shift Overtime, the robustness of systems in relation to verification of accurate end of shift overtime claims had improved since previous audits although it was acknowledged this required further work to ensure a systematic approach across A&E. <p>As had been noted under item 3.0 earlier in the agenda all of the recommendations were completed or progressing well.</p> <p>There were a number of reconfigurations taking place across the region which would impact on YAS and the Trust was engaged with the relevant partners in this regard.</p> <p>The Trust's financial performance had been resilient for 2017/18. The Trust had a challenging Cost Improvement Programme to deliver for 2018/19 and on-going challenges with A&E demand and the introduction of the ARP national standards meant that financial performance in 2018/19 was a significant risk.</p> <p>There were still some leadership capacity issues and the Trust had already commenced a leadership development programme working with leaders across the organisation.</p> <p>It was noted that there had been two incidents reported to the Information Commissioner's Office (ICO) relating to personal data breaches. Mitigating actions had been taken in the case of each incident and the action plans had been shared with the ICO.</p> | |

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| | <p>YAS' action plan relating to the Care Quality Commission (CQC) inspection in 2016 had now been completed.</p> <p>SP advised that there were two additional documents other than the Annual Governance Statement 2017/18 to sign during the Public Meeting relating to this item:</p> <ul style="list-style-type: none"> • Provider Declaration – Condition G6; • Provider Declaration – Condition FT4. <p>These were set out in the NHSI guidance of March 2018. There was a requirement to certify against two conditions in relation to the Provider Licence irrespective of the fact that as an NHS Trust YAS was exempt from requiring the provider licence.</p> <p>Approval: The Audit Committee received, accepted and supported the Annual Governance Statement 2017/18, prior to its endorsement by the Board.</p> | |
| 3.2 | <p>For Approval: Annual Report & Accounts 2017/18 (and associated statutory returns)</p> <p>RB introduced the item and stated that the Annual Report emphasised the significant amount of work that was taking place within the Trust.</p> <p>MB advised that a meeting had taken place with the Non-Executive Directors the previous week where the 2017/18 Accounts had been discussed in detail.</p> <p>The Statement of Comprehensive Income for the year ended 31 March 2018 was highlighted which showed the Trust had an underlying surplus of £3,984m at the year-end, before Sustainability and Transformation Funding (STF) and additional funding from the release of the CQUINs reserve. This compared to a £1.579m for 2016/17. With these items included the Trusts' year-end surplus was £9,865m.</p> <p>The Statement of Financial Position for the year ended 31 March 2018 highlighted movements in 'Trade and other receivables' which had increased to £16.3m from £9.4m in 2017, reflecting the additional income from STF and CQUIN. It was noted that whilst the Trust would receive this income there were restrictions on how the funds could be used in practice, particularly where capital expenditure was subject to central control limits.</p> <p>Within 'Current Liabilities' it was noted the 'Trade and other payables' had increased to £18.7 in 2018 from £13.6m in 2017. This reflected the non-recurrent spend which had taken place towards the end of 2017/18, particularly around essential maintenance on the Trust's estate.</p> | |

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| | <p>Provisions had increased by £2.4m overall. This reflected additional provisions for Holiday Pay and specific legal items.</p> <p>Borrowings reduced from £823k in 2017 to £334k in 2018 due to the ePR loan being repaid.</p> <p>A review during the year had identified assets with a nil net book value and a book cost of £14,975m that had been removed from the register in 2010 but not the ledger. A subsequent review identified further assets with a historic cost of £13,294 and a nil net book value that also needed to be removed from the ledger. These adjustments had been made, and processes improved to ensure the asset register and ledger were reconciled for historic cost as well as net book value.</p> <p>The committee also noted the adjustment made to the revaluation reserve, to eliminate £1.947m “negative” revaluations.</p> <p>Both of these changes were discussed at the previous committee meeting. Neither impacted the overall financial performance for 2017-18.</p> <p>The Statement of Cash Flows for the year ended 31 March 2018 showed an increase in cash equivalents to £30.1m from £19m in 2017.</p> <p>It was noted that there had been significant delivery of DCA vehicles in 2016/17 against the Capital Programme for the same year.</p> <p>The Trust’s cash position remained positive.</p> <p>MB confirmed that the Trust had met all statutory duties for the year.</p> <p>RK thanked all those involved in the preparation of the Annual Report and Annual Accounts for their hard work.</p> <p>Approval: The Audit Committee was sufficiently assured of the accuracy and completeness of the 2017/18 Annual Report and Accounts 2017/18 to recommend that they be approved and signed by the Board.</p> | |
| 3.3 | <p>For Approval: Assessment of Post Balance Sheet Events MB confirmed that there were no Post Balance Sheet events for consideration that could or would result in adjustments to the Annual Disclosure Statements.</p> <p>HR confirmed there were no issues identified by the External Audit review.</p> | |

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| | <p>Approval: Subject to final completion of the Annual Accounts, the Audit Committee was satisfied that no adjusting events had occurred.</p> | |
| 3.4 | <p>Letter of Representation to External Audit MB presented the Letter of Representation, to be submitted to the External Auditors with respect to the 2017/18 Annual Accounts.</p> <p>Approval: The Audit Committee approved the content of the Letter of Representation, to be issued to the Auditors on 24 May 2018.</p> | |
| 3.5 | <p>Annual Governance Report to Those Charged with Governance (ISA260) HR provided assurance that the Trust had received a very clean external audit report. He confirmed that subject to adequate resolution of the outstanding matters listed in the report that it was anticipated that the Trust would receive an unqualified audit opinion on the financial statements in the form that appeared in Section 3, before the statutory deadline on 29 May 2018. There were no matters to report regarding the Trust's arrangements to secure economy, efficiency and effectiveness in the use of its resources.</p> <p>The points outstanding at the date of report:</p> <ul style="list-style-type: none"> • Review of assumptions used in valuation of land and buildings (now completed since publication of the report); • Clearing of outstanding review points on file (now completed since publication of the report); • Review of Annual Report; • Audit Completion process. <p>HR guided the Committee through the report which included significant risks, Audit Report, Audit Differences, Value for Money, Other Reporting Issues, Assessment of Control Environment, Data Analytics, Independence and Appendices.</p> <p>It was noted on page 21 of the report there was an inaccuracy relating to paragraph 2, under the 'What are our findings' heading – the figure of £1.9m and the suggestion that the Trust did not expect to achieve the control total was incorrect and it was noted this should state that the Trust was planning on meeting the £2.4m Control Total for 2018/19. HR apologised for the error and confirmed this had been subsequently amended in the most recent version of the report.</p> <p>It was acknowledged that the Trust was operating in a financially challenging environment over the next few years; it would be imperative for the Trust to deliver its Cost improvement Programme.</p> <p>HR confirmed that under the 'Assessment of Control Environment' that no issues had been identified other than those already highlighted though Internal Audit.</p> | |

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| | <p>PD confirmed that the 'Data Analytics' section would be useful for the Trust and would be used to help the Trust improve processes.</p> <p>The respective leads and RK thanked both teams for their mutual support and cooperation in the process.</p> <p>Approval: The Audit Committee was assured by the report subject to the amendments outlined and recommended that it go forward to the Trust Board for approval.</p> | |
| 3.6 | <p>For Approval: Quality Account 2017/18 SP presented the draft 2017/18 Quality Account for review prior to it being presented for approval by the Board. It was confirmed this was a statutory report and formed part of the Annual Report.</p> <p>The draft document including the 2018/19 Priorities for Improvement had been widely consulted on with internal and external stakeholders.</p> <p>The Quality Account was a mandated requirement of all healthcare providers and was published annually. It described the quality of care and services and also highlighted the priorities for quality improvement for the forthcoming year.</p> <p>SP stated that the final draft included, overall, favourable comments and feedback from various internal and external stakeholders. Some stakeholders had mentioned the lack of year on year performance information from YAS in their comments; this was due to the implementation of the Ambulance Response Programme national standards in 2017. A preface had been added to the document to explain the Trust was aware of this issue, due to the implementation of ARP, and it was working on data to meet stakeholder requirements in this regard.</p> <p>It was confirmed that subject to the approval of the Board later that day, the Quality Account would be sent to the Secretary of State and published on NHS Choices website on 29 June 2018. It would also be published on the Trust's intranet and website alongside an 'easy read' version.</p> <p>Approval: The Audit Committee received and accepted the final draft of the 2017/18 Quality Account for onward approval by the Board.</p> <p>MB noted his formal thanks to the finance team for their hard work during the production of the year-end Accounts and to Ernst and Young for their work on External Audit.</p> <p>RK reiterated his thanks to all for a smooth process and meeting.</p> | |

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| | The meeting closed at 0925 hours. | |
| 4 | Date and Location of Next Meeting: 7 July 2016 Kirkstall and Fountains, Springhill 1, WF2 0XQ. | |

CERTIFIED AS A TRUE RECORD OF PROCEEDINGS

_____ **CHAIRMAN**

_____ **DATE**